

Message Text

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ORIGIN XMB-04

INFO OCT-01 AF-10 ISO-00 EB-08 COME-00 TRSE-00 OMB-01
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XMB

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APPROVED BY AF/E:SHAMRICK
XMB: C NORRIS
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-----072587 211306Z /15
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FM SECSTATE WASHDC
TO AMEMBASSY ANTANANARIVO PRIORITY

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E.O. 11652: N/A

TAGS: EGEN, MA

SUBJECT: GUARANTEE NO. 6464 - EXIMBANK FINANCING
ASSISTANCE FOR 747 AIRCRAFT

1. ON MAY 16 EXIMBANK'S BOARD OF DIRECTORS APPROVED AIR
FRANCE LEASE OF SUBJECT AIRCRAFT AS PRESENTED IN MEETINGS
AT EXIMBANK APRIL 14 AND 26, 1978. LEASE WOULD CARRY
MAXIMUM TERM OF TEN YEARS, BUT WILL BE RENEWED AFTER FIRST
TWO YEARS ON YEAR-BY-YEAR BASIS. SUSPENSION WILL BE
CAUSED BY FORCE MAJEURE AND BREACH OF LEASE, IF NOT
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REMEDIED IN THIRTY DAYS, WILL CAUSE TERMINATION.

2. CENTRAL BANK HAS AGREED THAT AIR FRANCE PAYMENTS UNDER
LEASE WILL BE HELD IN AN OFFSHORE ACCOUNT FOR BENEFIT OF
LENDERS (PEFCO AND CITIBANK CONSORTIUM). PROVISION IN
ORIGINAL EXIMBANK AUTHORIZATION OF DOLS. 22.8 MILLION
GUARANTEE ON PEFCO CREDIT TO EFFECT PAYMENTS BY AIR FRANCE
APPROXIMATE DEBT SERVICE ACCEPTED BY AIR MADAGASCAR'S
PLANNING DIRECTOR APRIL 26 AND CONTINUES TO APPLY.

TERMINATION OF LEASE FOR ANY CAUSE WILL BE EVENT OF
DEFAULT UNDER PEFCO AND CITIBANK CREDIT AGREEMENTS.

3. LENDERS HAVE BEEN OFFERED MORTGAGE AND WILL REQUIRE
THAT, PRIOR TO DISBURSEMENT FOR AIRCRAFT DELIVERY,
MADAGASCAR RATIFY CONVENTION ON THE INTERNATIONAL
RECOGNITION OF RIGHTS IN AIRCRAFT WHICH MAKES MORTGAGE
VALID IN SIGNATORY COUNTRIES.

4. BY TELEX RECEIVED MAY 9 CENTRAL BANK REQUESTED
POSTPONEMENT INITIAL REPAYMENT DATE FROM APRIL 30 TO
JUNE 30, 1979, AND EXTENSION OF AVAILABILITY DATE TO
JUNE 30, 1979, DUE TO LATER AIRCRAFT DELIVERY. THESE
REQUESTS APPROVED BY BOARD EXCEPT THAT AVAILABILITY DATE
SET AT MAY 31, 1979, FOR TECHNICAL REASONS.

5. PLEASE ADVISE CENTRAL BANK AND AIR MADAGASCAR. VANCE

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